

A Stakeholder Analysis of the Tobacco Industry

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The stakeholder theory of management suggests that organizations manage best by carefully prioritizing the interests and concerns of their many stakeholders—those groups that can significantly affect or are affected by the organizations' operations. This widely practiced theory stands in contrast to the neoclassical economic view that suggests that managers need only respond to the interests of the stockholders in fulfilling their fiduciary role and social responsibilities. Although it may be argued that the tobacco companies have been outstanding examples of management, acting narrowly in the interests of stockholders, even these companies currently voice a public concern for good stakeholder management.

Among the tobacco industry's primary stakeholders are customers, employees, and the communities in which tobacco products are produced, sold, and consumed. This study will use industry documents to investigate how the tobacco companies have understood and defined the interests of these key stakeholders, how they have prioritized stakeholder demands and concerns over time, and how their actions have influenced changing stakeholder alliances.

This data will be used to analyze the validity of theories of stakeholder alliance and to empirically assess strategies of stakeholder management. Although stakeholder theory has been widely discussed and formulated in management scholarship, there are remarkably few empirically based studies of how companies respond to stakeholder demands or manage stakeholder interests. The tobacco industry documents offer a unique opportunity to compare management theory to actual management practice.

A further aim of this study is to write six to eight teaching cases on the tobacco industry for use in business school courses in ethics and strategy. Several of these will be developed as Internet cases that will facilitate interactive links to industry documents and related public health sites. These will be developed in collaboration with the Ford Foundation's Center for Global Citizenship at the Kellogg School at Northwestern University.